

REQUEST FOR PROPOSAL

Addendum # 2



Department Of Executive Services
Finance and Business Operations Division
Procurement and Contract Services Section
206-684-1681 TTY RELAY: 711

DATE ISSUED: **March 10, 2006**

RFP Title:	Stable Value Investment Fund
Requesting Dept./ Div.:	King County Department of Executive Services Finance and Business Operations Division
RFP Number:	107-06RLD
Due Date:	March 23, 2006 - 2:00 P.M.
Buyer:	Roy L. Dodman, roy.dodman@metrokc.gov (206) 263-4266

This addendum is issued to revise the original Request for Proposal, dated February 23, 2006 as follows:

1. The proposal opening date remains the same: Thursday, March 23, 2006 no later than 2:00 p.m.

The following information is provided in response to questions received:

Q1: RFP Question 2 b: Please clarify the nature of the response sought. Is this question asking for, first, the number of plans in our commingled fund along with the associated assets and, second, the number of separate accounts along with the associated assets?

A1: Yes, please provide the number of plans in commingled fund along with associated assets and please provide the number of separated accounts along with the associated assets.

Q2: RFP Question 3 - Percentage rates of return and Market Value of assets: In deriving the market value of assets, does King County have a preferred market valuation methodology for traditional GICs or would you prefer that we assume that market value and book value are equal for GICs? Please keep in mind there is no industry standard for applying market values to GIC assets.

A2: Please assume book value and market value are equal for GIC's.

(continued on page 2)

TO BE ELIGIBLE FOR AWARD OF A CONTRACT, THIS ADDENDUM MUST BE SIGNED AND SUBMITTED TO KING COUNTY

Sealed proposals will only be received by:

King County Procurement Services Section, Exchange Building, 8th floor, 821 Second Avenue, Seattle, WA 98104-1598. Office hours: 8:00 a.m. - 5:00 p.m., Monday - Friday

Company Name

Address

City / State / Postal Code

Signature

Authorized Representative/Title

Email

Phone

Fax

This Request for Proposal – Addendum will be provided in alternative formats such as Braille, large print, audiocassette or computer disk for individuals with disabilities upon request.

Q3: RFP Question 4 - Operational Capabilities and Contract Limitations: Is King County amenable to the inclusion of an "equity wash" for transfers from the Stable Value Investment Fund to competing options (should the Plan add one in the future) or to the TradeLink self-directed brokerage option?

A3: *Yes, standard equity wash provisions would be acceptable.*

Q4: Contractual requirements: King County is currently invested in the T. Rowe Price Equity Index Trust pursuant to an Investment Agency Appointment and Participation Authorization ("IAAPA") dated as of January 1, 1999 between King County and T. Rowe Price Trust Company. Investment in our commingled Stable Value Common Trust Fund ("SVCTF") would be made under the SVCTF's standard IAAPA agreement, which is similar to the one King County executed for Equity Index Trust with additional clauses to address aspects unique to the stable value asset class.

A4: *For commingled trust vehicles, it is understood that a trust agreement would be used in lieu of an investment management agreement.*

Q5: RFP Section I – General Information, R. Electronic Commerce and Correspondence (page 4):

...If a proposer downloads a document from the Web site and does not contact the Procurement Office to obtain a hard copy, the proposer must use the "Feedback" (Envelope) button at the bottom of the Web page to convey the proposer's company name, contact name, mailing address, and phone/fax number to the County. Please note which document/documents were downloaded...

A5: *Procurement's Website has been redesigned, but the language in the RFP document has not been updated. If you look at the page where it lists all of the RFP documents, you will see a reminder notice at the time. It indicates if you want to register, please click here. If you are still have trouble, please contact Roy Dodman or Cathy Betts.*

Q6: RFP Section II – Project Specifications and Scope of Work, Part 2-Requirements (page 6) *The County's objective is to identify a high quality stable value fund that balances a low level of risk, a high rate of return, low fees and minimal restrictions...* Please confirm that the plan will not offer a competing fixed fund?

A6: *The plan has no intent to offer a competing fixed fund at this time.*

Q7: RFP Section IV – General Contract Requirements, Part 3 Insurance (page 16) *...King County reserves the right to approve deductible/self-insured retention levels and the acceptability of insurers.* Would you elaborate as to King County's criteria for the acceptability of insurers?

A7: *Insurance coverage is to be placed with insurers with a Bests' rating of no less than A:VIII, or, if not rated with Bests', with minimum surpluses the equivalent of Bests' surplus size VIII. Professional Liability, Errors and Omissions insurance coverage may be placed with insurers with a Bests' rating of B+:VII. Any exception must be approved by the County.*

Q8: What are the annual disbursements in the stable value fund?

A8: *Disbursements are on an individual basis, pro-rata from all funds. Total distributions from 1/1/2005 – 12/31/2005, from all funds in the Plan totaled \$59,289,554.78.*

Q9: Are there any participant-level reporting requirements?

A9: *No, participant-level records are kept by the Plan recordkeeper.*

Q10: Are there any MVA's or CDSC's on the current stable value fund?

A10: *There are no CDSC's or MVA's associated with the stable value fund. However, the stable value manager has the ability to payout the assets in the stable value fund over a 12-month period.*

Q11: Please provide us with your current fund line-up.

A11: American Beacon High Yield Bond Fund, Artisan International Fund, Artisan Small Cap Value Fund, Brown Capital Management Small Company Institutional Fund, Domini Social Equity Fund, Oakmark International Fund, PIMCO Total Return Fund, T. Rowe Price Personal Strategy Balanced Fund, T. Rowe Price Personal Strategy Growth Fund, T. Rowe Price Personal Strategy Income Fund, T. Rowe Price Blue Chip Growth Fund, T. Rowe Price Equity Income Fund, T. Rowe Price Equity Index Trust, T. Rowe Price Mid Cap Growth Fund, SEI Stable Asset Fund. The plan also provides a brokerage option.

Q12: Please provide the name of the incumbent provider for the stable value fund.

A12: Dwight Asset Management – SEI Stable Asset Fund

Q13: What is the current expense ratio for the stable value fund?

A13: The fees total 0.28 bp.

Q14: What are the 1-, 3-, and 5-year Annual Percentage Yields for the stable value fund?

A14: 1-year = 4.33%; 3-year = 4.12%; 5-year = 4.81%

Q15: Question 2.L. (page 9): The first bulleted item mentions that the allocation of assets across sectors is listed in "question 5 above." There is no question 5 before this question in the RFP. I assume that you mean that the allocation of assets across sectors is listed in "question 2.J. above."

A15: Yes, question 2L is referring to the allocation of assets across the sectors listed in question 2J.

Q16: Is this mandate for a commingled fund or a separate account vehicle? Do you have a preference for either vehicle?

A16: The County has no specific preference. Please provide both.

Q17: Page 7, Part 2, #6 - The second paragraph states "The proposer shall perform annual audits of the Plan assets in the funds at it's own expense or provide a review or audit performed by an independent CPA approved in advance by the Plan". If your answer to Question #1 above is a commingled fund, our commingled fund is audited annually by KPMG. Is KPMG an approved auditor, or would you expect us to provide an additional audit by a firm chosen by the Plan? If your answer to Question #1 above is a separate account, is the intent that an independent audit firm be retained to audit the separate account annually?

A17: Yes, an annual audit conducted by KPMG for your commingled product is acceptable. In a separate account environment, we would expect the proposer to engage in an independent auditor to audit the account annually.

Q18: Page 8, Part 3, #2. F. - Fee disclosure asks us to incorporate 10 bp (adjusted per addendum #1) in admin reimbursement revenue for the recordkeeper. Would you like us to break out our fee proposal and show our management fee separate from the additional 10 bp?

A18: No, it is not necessary to break out the fee.

Q19: Do you currently utilize a commingled fund or separate account structure for your stable value option? Who is the incumbent provider?

A19: The current stable value pool option is a commingled fund. Dwight Asset Management is the incumbent provider.

Q20: Do you have any competing options (high quality fixed income funds with a duration of 3 years or less) in the plan lineup?

A20: No. Currently there are no competing options, nor do we intend to offer any at this time.

Q21: Please state whether the County's Stable Value Fund is currently invested in an existing stable value pooled fund or in a separate account structure.

A21: The stable value fund is currently invested in an existing stable value pooled fund.

Q22: If in a pooled fund, has the 12-month withdrawal notice been given to the manager of the pooled fund?

A22: No 12-month withdrawal notice has been given, however the current manager is aware of the contract termination date.

Q23: Please state the County's preference for a stable value pooled fund or separate account vehicle.

A23: The County has no specific preference. Please provide both.

Q24: Does the County's Plan currently have an equity wash provision in place?

A24: Yes, there is an equity wash provision that the recordkeeper oversees.

Q25: Does the County have any preferences or requirements for use of Minority and Woman-Owned Businesses within the Stable Value Fund?

A25: No the County does not have preference or requirements for the use of minority-owned businesses within the stable value fund.

Q26: Please indicated as to whether a General (Fixed Rate Interest) Account would be considered in the context of the County's Stable Value Investment Fund RFP.

A26: No, please propose a diversified stable value product.